

EXHIBIT A

IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION

Q&R ASSOCIATES, INC.,
Plaintiff,
vs.
UNIFI TECHNICAL FABRICS, LLC,
ET AL.,
Defendants.

CONFIDENTIAL
CASE NO. C-1-01-641
VOLUME I

DEPONENT: MICHAEL QUINN

NOVEMBER 10, 2003

9:37 A.M.

REPORTED BY:
Heidi L. Constable, RPR, RMR

1 A. John and I worked together at Clopay.
2 John started, I believe, in 1979 in customer service,
3 transitioned into field sales, and he and I worked as
4 a team on specific customers.

5 Q. And when was Q&R formed?

6 A. January 1, 1992.

7 Q. Okay. Was it a -- was it formed as a
8 corporation or as a partnership?

9 A. Corporation.

10 (Defendants' Exhibit 1 was marked for
11 identification.)

12 Q. Let me hand you a document for
13 identification as Defendants' Exhibit 1 and ask you
14 to identify it if you can.

15 A. This one? This is a letter from me to
16 Moshe Goldwasser just introducing him to Q&R
17 Associates.

18 Q. And it's dated February 23, 1995,
19 correct?

20 A. Yes.

21 Q. And you signed it?

22 A. Yes.

23 Q. In this letter you say we have been --
24 this is the, oh, maybe the fourth paragraph down

1 Q. I'm handing you a document that has
2 been marked for identification as Exhibit 9 and ask
3 if you can identify that.

4 A. Again, this is a letter from John to
5 John and myself just thanking him -- thanking us for
6 helping him get started.

7 Q. Okay. What did you do to help him get
8 started?

9 A. We have -- we have relationships with
10 customers that he does not have relationships with
11 that would allow Avgol spunbond accelerate the sales
12 versus someone from Cleaver Associates.

13 Q. Okay. Did Cleaver have a written
14 agreement with Avgol?

15 A. Yes.

16 Q. Have you ever seen it?

17 A. I have not.

18 Q. Okay. Did Mr. Cleaver tell you what
19 the terms of that agreement were?

20 A. I don't remember.

21 Q. Did he tell you what commission Avgol
22 was paying Cleaver?

23 A. Yes.

24 Q. And what did he tell you?

1 A. Four and a half percent.

2 Q. Okay. Was Cleaver Avgol's sole US
3 agent?

4 A. In the disposable hygiene market.

5 Q. And what other markets were there in
6 the US?

7 A. Could be furniture and bedding,
8 durable goods, that's primarily it, agriculture.

9 Q. What are they used for agriculture?

10 A. Used for tenting. Literally they call
11 it greenhouse where you literally form a tent. It
12 could be laid on the ground.

13 Q. Okay.

14 (Defendants' Exhibit 10 was marked for
15 identification.)

16 Q. Okay. I'm handing you a document
17 marked for identification as 10 and ask you to
18 identify it if you can.

19 A. This is an internal memo from John
20 Cleaver to Moshe Goldwasser copying Frank Perkins
21 regarding a situation that involved 3M.

22 Q. Have you seen this before?

23 A. Yes.

24 Q. Did you see it about the time it was

1 Q. Okay. Was this proposal accepted?

2 A. No.

3 Q. There is a list of 18 customers. Are
4 these customers you were asking to have assigned to
5 Q&R to sell Avgol spunmelt products to?

6 A. Yes.

7 Q. What was -- you say it wasn't
8 accepted. What wasn't accepted?

9 A. John -- John decided this was in the
10 early stages of the start-up of Cleaver Associates.
11 At this point in time it was John Cleaver, no one
12 else. He then began bringing people on-board that
13 could do certain administrative things within his
14 organization and that he would -- he would continue
15 selling customers that he had good relationships
16 with, do his own customer service work. He gave us
17 the customers that we had good relationships with,
18 therefore, we became a sub rep for Cleaver
19 Associates.

20 Q. When you say customers that you had
21 good relationships with, these were customers for
22 products other than spunmelts; is that correct?

23 A. Could be. But in all likelihood they
24 all -- when I put the list together it was customers

1 in representing them.

2 Q. And what did you say?

3 A. No, thank you very much.

4 Q. Why did you say no?

5 A. I was very satisfied with the
6 relationship that Q&R had with Avgol/Cleaver.

7 Q. When was the next time you spoke or
8 communicated in any way with anybody from UTF?

9 A. Mr. Mebane called again, I believe it
10 was in early February of 2001, inviting John and I to
11 Mocksville just to take a look-see. No commitment,
12 just come down, take a look, tell us what you think.

13 Q. And you and Mr. Ranz decided to go
14 take a look?

15 A. Yes.

16 Q. What had happened between the first
17 call from Mr. Mebane to you and the second call that
18 led you to go take a look with the second call?

19 A. We're always interested or I'm always
20 interested in exploring new possibilities that would
21 allow me to grow our business. Not any different
22 than I hope most American companies, we're always
23 looking to grow. Some of the things that Mr. Mebane
24 was offering led me to believe that we could grow and

1 make more money.

2 Q. well, the same -- what he said in
3 February really wasn't any different from what he
4 said in June of 2000, was it?

5 A. No, but he enticed me with the fact
6 that he had state-of-the-art equipment, throughout
7 the term exclusivity, that type of thing.

8 Q. Had anything happened in your
9 relationship with Cleaver or after during that period
10 of time that made you more inclined to go talk with
11 Mr. Mebane?

12 A. Cleaver -- John Cleaver had, and I
13 don't remember the time frame, had mentioned -- had
14 talked to me about the possibility of taking AHP away
15 from us, while at the same time he said we would pay
16 you for two or three years if that happens. He in
17 the same conversation said we may also want you to
18 call on Procter & Gamble for us. Based on that
19 conversation I thought it was worth investigating
20 Unifi.

21 Q. well, if you were being offered the
22 Procter & Gamble account, wouldn't that have been a
23 very profitable account had you obtained it for
24 Cleaver and Avgol?

1 Q. I'm handing you a document marked for
2 identification as 69 and ask you to identify this if
3 you can.

4 A. This is a trade notice or a press
5 release announcing that Avgol was going to put a
6 manufacturing facility in the United States.

7 Q. When was the first time you heard that
8 Avgol was going to do this?

9 A. I don't remember. I don't remember.

10 Q. Do you remember seeing this Exhibit
11 69?

12 A. Yes.

13 Q. Before today?

14 A. Yes.

15 Q. Did you have any concern that the
16 United States might develop an excess capacity for
17 this product with a UTF plant and an Avgol plant?

18 A. No.

19 (Defendants' Exhibit 70 was marked for
20 identification.)

21 Q. I'm handing you a document marked for
22 identification as Exhibit 70 and ask you to identify
23 this if you can.

24 A. This was a memo from -- actually this

1 was from Cleaver just prompting the sales team on the
2 Avgol USA manufacturing facility in response to the
3 trade announcement that they were going to build a
4 facility in the United States.

5 Q. I see. It says, "The US site is
6 consistent with Avgol's long-range plan developed
7 over a year ago." Had you heard of such a plan in
8 '99?

9 A. No.

10 Q. It says, "Site has not yet been
11 announced. We will discuss at an appropriate time."
12 Did you ever ask anybody where the site was?

13 A. No.

14 Q. Did anybody ever tell you?

15 A. No.

16 Q. Did you suspect that Avgol really
17 wasn't planning on building a plant?

18 A. No, I think they were.

19 Q. What makes you think that they were?

20 A. Primarily because of Procter & Gamble
21 and SCA. Primarily Procter & Gamble though.

22 Q. But they didn't -- they never had sold
23 anything to P&G, had they?

24 A. No.

1 Q. When did you first hear that Avgol was
2 talking to UTF about buying UTF's plant?

3 A. There were rumors in the marketplace
4 in late 2000, early 2001.

5 Q. And in particular who was saying that?

6 A. I can't remember.

7 Q. Was it John Cleaver?

8 A. No, I don't think so, no.

9 Q. Did you discuss these rumors with Mr.
10 Ranz?

11 A. Yes.

12 Q. And did you try to follow up or
13 investigate the rumors?

14 A. The only follow-up was we asked Mr.
15 Mebane were these, you know, were true, and he
16 responded no.

17 Q. Well, didn't he respond that he had a
18 confidentiality agreement and couldn't talk about it?

19 A. He did respond, but he also said, no,
20 that the rumors are not true.

21 Q. But he said he had a confidentiality
22 or there was some sort of confidentiality agreement
23 with Avgol?

24 A. He did -- yes, he did say that.

1 Q. So that you're -- as a businessman,
2 you know that a confidentiality agreement means that
3 talks of some sort are going on between the parties?

4 A. Yeah. It could have been for a
5 variety of things though.

6 Q. Sure. But you knew that that meant
7 there was some sort of serious talks going on between
8 the parties?

9 MR. PACKARD: I'm going to object.

10 Mischaracterized his prior testimony.

11 BY MR. MCGAVRAN:

12 Q. You can answer.

13 A. Say it again.

14 Q. Yeah. As a businessman you know that
15 when somebody says I can't talk to you about it,
16 there is a confidentiality agreement, that there is
17 something serious going on between the people who
18 have the confidentiality agreement?

19 A. Something serious, yes.

20 MR. PACKARD: Same objection.

21 BY MR. MCGAVRAN:

22 Q. Did you hear about the possibility of
23 Avgol buying UTF from any of your customers?

24 A. Customers, no, not that I can

1 remember.

2 Q. Did Mr. Ranz tell you he had heard
3 something like this?

4 A. I'm trying to think. I think it
5 was -- it was me that had heard the rumor.

6 Q. Okay. And did you ask Mr. Goldwasser
7 about it?

8 A. No.

9 Q. Did you ask Mr. Cleaver?

10 A. No.

11 (Defendants' Exhibit 71 was marked for
12 identification.)

13 Q. I'm handing you a document marked for
14 identification as 71 and ask you to identify this if
15 you can.

16 A. This is an article from Nonwovens
17 Industry, March 2001, stating new nonwovens player
18 Unifi.

19 Q. This was produced by your company.
20 Did you copy this and put it in the file?

21 A. I don't know if I did or not.

22 Q. Did you read it at the time?

23 A. I don't remember reading it.

24 (Defendants' Exhibit 72 was marked for

1 A. No. This was a disagreement between
2 John and Dennis Durkin. John is very protective of
3 his customers, therefore, his customers' inventory.
4 He takes it personally and was not happy that Dennis
5 made a decision to take Hospital Specialty's
6 inventory without telling him.

7 Q. I want to go back and ask you about
8 your time in Mocksville and Yadkinville, North
9 Carolina. If you want to look at your affidavit,
10 which is Exhibit 68, you talk about this in Paragraph
11 9. Where did you spend these two days? Where did
12 you start?

13 A. We started at the bed and breakfast, I
14 believe, we had breakfast, and then we toured UTF,
15 and then we went to the yarn plant in Yadkinville.

16 Q. Was this on the -- did you drive down
17 the 13th, have dinner?

18 A. Yes.

19 Q. And did the tours the 14th?

20 A. Yes.

21 Q. Okay. You say -- and you say, During
22 our dinner meeting Q&R brought up the industry rumors
23 about Avgol buying UTF. Was it you or Mr. Ranz who
24 brought it up?

1 A. Me. I'm guessing -- no, it was me.

2 It was me.

3 Q. And what do you say in the affidavit?
4 Mebane said he had signed a confidentiality agreement
5 and could not discuss everything that had transpired
6 between Avgol and UTF. Mebane did confirm, however,
7 that several meetings with Avgol management had taken
8 place. When asked about these rumors, Mebane stated
9 ain't going to happen." Who asked him about the
10 rumors?

11 A. We both did.

12 Q. And his exact words were ain't going
13 to happen?

14 A. Ain't going to happen.

15 Q. And when it was -- now, is this on the
16 dinner meeting that he stood up and shook hands with
17 you and Ranz and said this is a North Carolina
18 agreement, you have my word?

19 A. Yes.

20 Q. What was the agreement?

21 A. That -- that he was not going to
22 sell -- UTF would not be sold to Avgol.

23 Q. Are you sure he said that on the 14th
24 and didn't say that when you shook hands at the March

1 between you and Mr. Ranz and Mr. Mebane that you've
2 already told us about, this was kind of just a meet
3 and greet session between Q&R and people at UTF?

4 A. Yes, and look at the equipment.

5 Q. And look at the equipment. Okay.

6 After you and Mr. Ranz -- after you and Mr. Ranz had
7 spent these two days at UTF, did the two of you talk
8 about whether you wanted to pursue discussions with
9 UTF?

10 A. We did.

11 Q. And what did you say and what did he
12 say?

13 A. We liked what we saw as far as the
14 equipment was concerned. We liked what we saw. Mr.
15 Mebane was saying all the right things about
16 commitment. John and I talked amongst -- between
17 ourselves that, you know, we maybe should go, you
18 know, and have another follow-up meeting.

19 Q. Had there been any discussion on the
20 13th and 14th about terms for Q&R to represent UTF?

21 A. Not -- no.

22 Q. Okay.

23 (Defendants' Exhibit 75 was marked for
24 identification.)

1 Q. I'm handing you a document marked for
2 identification as 75 and ask you to identify that if
3 you can.

4 A. This is the customer matrix that Mr.
5 Mebane requested that we provided him blind, not
6 mentioning any customer names specifically.

7 Q. Okay. And what's meant -- now we have
8 in front of us what's meant by customer matrix?

9 A. These are five customers that we
10 thought we could bring in-house in a certain time
11 frame.

12 Q. Okay. And if you would, go through
13 these and tell us who each customer is.

14 A. Without seeing my notes --

15 Q. Were your notes contemporaneous --
16 were they notes you made at the time or are they
17 notes that you made to talk to your lawyer?

18 MR. PACKARD: These were later notes
19 that we redacted.

20 MR. MCGAVRAN: Okay.

21 A. Let me look here. You want to the
22 know the customers' names?

23 BY MR. MCGAVRAN:

24 Q. Yes.

1 A. The first one is Arquest. Let's see,
2 the second one is -- let's see what -- number five is
3 Drypers. Number four is Hospital Specialty. Number
4 two is Whitestone. Number three is Principle
5 Business Enterprise.

6 Q. Okay. Now, I had shown you 74
7 mistakenly thinking this was the matrix. Is 74 a
8 document that Mr. Mebane sent to you?

9 A. Yes.

10 Q. Do you know whether or not part of
11 this document is based on your matrix, Exhibit 75?

12 A. A part of the document is based on our
13 matrix.

14 Q. Could you tell us what parts of 75 are
15 based on your matrix?

16 A. What part of 75?

17 MR. WENDLING: 74.

18 BY MR. MCGAVRAN:

19 Q. I'm sorry. 74 based on your matrix.
20 My mistake.

21 A. I can't do that.

22 Q. Okay. You said that you -- that parts
23 of 74 were based on 75. How do you know that?

24 A. Because these are customers that we

1 would go -- we shared this information with Mr.
2 Mebane. These are the customers that we would have
3 gone after right away. We were already in the
4 process of selling Paper-Pak, NCN. We had meetings
5 set up with Procter & Gamble. That's how.

6 Q. So -- well, did Mr. Mebane tell you he
7 had extrapolated from your numbers and he had run out
8 possible sales prices from you?

9 A. Yeah, he extrapolated this out.

10 Q. Yes. And so based on -- based on 75
11 he ran some numbers to show what --

12 A. I can't be sure of that.

13 Q. -- sales and commissions might be?

14 A. I don't know that.

15 Q. You didn't regard 74 as being some
16 kind of a guarantee that you would actually earn
17 those commissions, did you?

18 A. Yes.

19 Q. You considered it a guarantee?

20 A. Yes, I considered this -- he said this
21 is -- this is the commission I forecast you will
22 make.

23 Q. Based upon -- but depending on you
24 selling that amount of product, correct?

1 A. Yes.

2 Q. He wasn't telling you you were going
3 to get those commissions regardless of whether you
4 sold the volume you projected, did he?

5 A. Say that again.

6 Q. Well, he wasn't telling you that
7 regardless of how much of this stuff you sell you're
8 going to earn these commissions, did he?

9 A. He said this -- I am forecasting this
10 is the amount of commission you will make from Unifi
11 Technical Fabrics.

12 Q. If you sell this dollar volume of
13 product?

14 A. Yes.

15 Q. Yeah. So the commissions are all
16 based on percentage --

17 A. On sales.

18 Q. -- of sales? After the February 13-14
19 meeting, when was the next time you or Mr. Ranz spoke
20 with Mr. Mebane?

21 A. I believe it was in early March when
22 we decided to set up another meeting at the IDEA
23 conference.

24 Q. And who called whom? Did you call Mr.

1 wants a deal similar to Drypers and Whitestone wants
2 to buy on consignment.

3 Q. Do you recall seeing this before?

4 A. I do not remember seeing this.

5 Q. Okay.

6 (Defendants' Exhibit 78 was marked for
7 identification.)

8 Q. Let me hand you a document marked for
9 identification as 78 and ask you to identify that if
10 you can.

11 A. This was the proposed agenda for our
12 March 27th meeting between Q&R and Mr. Mebane at his
13 hotel suite.

14 Q. And who prepared that?

15 A. John Ranz.

16 Q. Okay. And there's a handwritten note,
17 "Agenda for 3/27/01 meeting prepared by Q&R at
18 Mebane's request." Who wrote the note?

19 A. John, Mr. Ranz.

20 Q. And did Mr. Mebane ask you to prepare
21 an agenda or did he ask Mr. Ranz or both of you? How
22 did that go?

23 A. I'm not sure.

24 Q. Okay. Now, in -- when you met with

1 Mr. Mebane, did you or Mr. Ranz give this to him?

2 A. Yes.

3 Q. And which one of you gave it to him?

4 A. Mr. Ranz.

5 Q. Where did you meet?

6 A. In his hotel suite.

7 Q. And about what time was that?

8 A. In the morning, I believe.

9 Q. Who was present?

10 A. John Ranz, Mike Mebane, and myself.

11 Q. Did you make a recording of the
12 meeting?

13 A. No.

14 Q. Did Mr. Ranz?

15 A. A verbal recording?

16 Q. Yeah.

17 A. No.

18 Q. Such as a tape-recording or any
19 recording.

20 A. No.

21 Q. You have here discussion items.
22 What's meant by Q&R sales alliances?

23 A. Those are -- underneath that heading,
24 MIP, Urban Consultants, and Vega, those are other

1 point --

2 Q. Uh-huh.

3 A. -- and either agreed to or modified the
4 agreement.

5 Q. Okay. Well, we've got the agenda
6 right here. Let's just go over and tell me what the
7 three of you said and what was agreed.

8 A. Okay.

9 Q. I guess it starts with monthly
10 compensation.

11 A. Yes. We were to get \$25,000 a month
12 for three months, then it would go to 20, then it
13 would go to 15, ten, five.

14 Q. And what about the exclusive account
15 responsibility?

16 A. We had exclusive account
17 responsibility for hygiene/personal care in North
18 America.

19 Q. You and Mr. Ranz had asked for South
20 America also, but he wouldn't give that to you?

21 A. No.

22 Q. Then five percent commission on all
23 sales?

24 A. That ended at four percent with the

1 exception of Procter & Gamble and SCA, which was two
2 percent.

3 Q. I forget. Was SCA a current customer
4 or not?

5 A. They were not a current customer.

6 Q. Then what about -- what was the
7 discussion about customer service support?

8 A. We identified Richard Lewis as our
9 customer service person.

10 Q. Was there anything more than -- in the
11 discussion more than that?

12 A. Nothing other than that. We had
13 already met Richard, we were impressed with Richard.
14 He could have been, you know, he could have been
15 trained very easily.

16 Q. Was he an employee of UTF?

17 A. Yes.

18 Q. Then what about -- what was the
19 discussion about technical support?

20 A. There was a gentleman there named
21 Krister, and I don't know what Krister -- I can't
22 remember his last name, he was our technical support.

23 Q. Erlandsson, was that it?

24 A. Erlandsson.

1 Q. He was a present employee of UTF?

2 A. Yes.

3 Q. And then Q&R sales alliances, what was
4 the discussion there?

5 A. Mr. Mebane had no problem with that as
6 long as it was Q&R that was compensating.

7 Q. Then what was the discussion about
8 Gene Kelly?

9 A. We reviewed everything that's on this
10 page, and Mr. Mebane said he wanted to think about it
11 and get back to us.

12 Q. Okay. What else was talked about at
13 this meeting?

14 A. The length of time, three-year
15 agreement.

16 Q. And did Mr. Mebane say that he would
17 agree to a three-year agreement?

18 A. Yes.

19 Q. And did you and Mr. Quinn -- Mr. Ranz
20 say that?

21 A. Yes.

22 Q. All right. And what else was
23 discussed at this meeting?

24 A. We discussed, again, the rumors of UTF

1 being sold, and if UTF was sold, especially to Avgol,
2 that we would be protected, that there was a
3 commitment being made to Q&R Associates.

4 Q. What did Mr. Mebane say?

5 A. He said he would have to talk to
6 in-house counsel.

7 Q. So it would be true that when you and
8 Mr. Ranz left that meeting with Mr. Mebane there was
9 no agreement on a commitment to Q&R if the assets
10 were sold to Avgol?

11 A. There was -- when we left, we stood
12 up, shook hands, and left knowing that there was an
13 agreement that we were going to go out and begin
14 selling.

15 Q. Wait. There was no agreement for
16 there to be a commitment to Q&R if UTF was sold to
17 Avgol, was there?

18 A. When I -- when I left, I left with the
19 impression that there was a commitment made to Q&R
20 that we would be taken care of.

21 Q. Just a minute. I'm not talking about
22 impressions. I'm talking about -- I'm trying to
23 focus on exactly what Mr. Mebane said. Mr. Mebane
24 said he would have to talk to in-house counsel before

1 making such a commitment, did he not?

2 A. He said there would be a commitment
3 made to Q&R.

4 Q. Did he say he would have to talk to
5 in-house counsel before making a commitment or did he
6 say there was a commitment made to Q&R?

7 A. I'm sorry.

8 MR. PACKARD: Let him finish.

9 BY MR. MCGAVRAN:

10 Q. I'm trying to find out what he said.

11 A. He said there will be a commitment
12 made to Q&R. He didn't say what the commitment was.

13 Q. He didn't say what the commitment was,
14 but he said he would have to talk to in-house counsel
15 about what that commitment would be?

16 A. Right. I requested a dollar amount.

17 Q. And he said he couldn't?

18 A. He said we'll have to get the
19 attorneys involved and I said okay.

20 Q. Was anything else said about a
21 commitment to Q&R if the company was sold to Avgol?

22 A. Just that -- again, he reiterated it's
23 not going to happen, it's not going to be sold.

24 Q. Did Mr. Ranz say anything about a

1 commitment to Q&R?

2 A. Yes. In fact, John wrote it down, he
3 was taking notes during the meeting, and he wrote it
4 down.

5 (Defendants' Exhibit 79 was marked for
6 identification.)

7 Q. Would you look at 79 and identify it
8 if you can.

9 A. These are -- this is the same agenda
10 with John's notes.

11 Q. And do you see down here where he says
12 change of ownership includes commitment to Q&R?

13 A. Yes.

14 Q. He doesn't say what the commitment
15 was, does he?

16 A. It does not.

17 Q. In fact, you left that meeting not
18 knowing what the commitment was; isn't that true?

19 A. I took the man at his word.

20 Q. You said there was a commitment, but
21 you didn't know what the commitment was, did you?

22 A. I did not.

23 Q. Okay. What else was said at this
24 meeting?

1 A. Mr. Mebane wanted us to inform Cleaver
2 immediately.

3 Q. Sure. It was -- Mr. Mebane wanted to
4 inform Cleaver -- wanted you to inform Cleaver
5 immediately and not you and Mr. Ranz?

6 A. No, it was Mr. Mebane. He called me,
7 he asked how quickly can you -- how quickly will you
8 tell John Cleaver. We left the meeting, we're
9 walking the show floor, he called me on my cell phone
10 and wanted to know if I had told Mr. Cleaver yet. I
11 told him no, I would not until the end of the show, I
12 was not going to disrupt the show for John Cleaver
13 and Avgol.

14 Q. When did you tell Cleaver?

15 A. The last day of the show I went to
16 Cleaver's booth, they were very busy, I had a flight
17 to catch, so I left and I called John that -- the
18 Friday of that week.

19 Q. Now, the meeting you had with Mike
20 Mebane was on what day of the week?

21 A. Tuesday, March 27th.

22 Q. Okay. And so you called Cleaver on --

23 A. Friday.

24 Q. -- Friday. Which would have been?

1 A. 30th, 31st. 30th.

2 Q. What else was said at this meeting by
3 anyone, the one on the 27th?

4 A. You know, I can't remember. I'm sure
5 that we discussed how successful we were going to be.

6 Q. Would you look again at your
7 affidavit, Exhibit 68. Do you have it?

8 A. Yes, sir.

9 Q. If you go back to Paragraph 17 you
10 say, "At the end of the March 27, 2001 meeting, I
11 shook hands with Mebane and he said, do we have an
12 agreement? I responded affirmatively. Although we
13 had an agreement, both parties discussed
14 memorializing it in a written contract. Mebane said
15 he would start the ball rolling." Is that a correct
16 summary of what you said?

17 A. Yes.

18 Q. Okay.

19 (Defendants' Exhibit 80 was marked for
20 identification.)

21 Q. I'm handing you a document marked for
22 identification as 80 and ask you to identify it if
23 you can.

24 A. This is an outline of the agreement.

1 selling price dropped below a certain level, not
2 using any dollar amounts, yes.

3 Q. Okay. And then you pass -- did you
4 discuss Mr. Mebane's memo with Mr. Ranz?

5 A. This memo of March the 30th?

6 Q. Yeah.

7 A. Yes.

8 Q. Did you discuss it in person or over
9 the phone?

10 A. Probably both.

11 (Defendants' Exhibit 81 was marked for
12 identification.)

13 Q. Okay. We have another document we
14 have marked as 81, and I'll ask you to identify this
15 if you can.

16 A. Yes, this was my response of April the
17 1st.

18 Q. Okay. And in the response under two
19 about Q&R will be protected, you say we do need to
20 discuss a dollar amount?

21 A. Yes.

22 Q. "Other than these two issues, I'm okay
23 with the agreement, but I do want John's input." You
24 and Mr. Ranz never got to talking about a dollar

1 amount for this commitment with Mr. Mebane, did you?

2 A. We did not get to a dollar amount.

3 (Defendants' Exhibit 82 was marked for
4 identification.)

5 Q. I'm handing you a document marked for
6 identification as 82 and ask you to identify that if
7 you can.

8 A. This is a spreadsheet from Mike Mebane
9 to John and myself regarding sales and samples, as he
10 calls it.

11 Q. Now, what's -- when he says a
12 spreadsheet of what we've already shipped to your
13 sector, is that sales you had made or sales that had
14 been made by UTF?

15 A. No. These were sales that or samples
16 that had been -- already been sent out by UTF.

17 Q. I see.

18 (Defendants' Exhibit 83 was marked for
19 identification.)

20 Q. I'm handing you a document marked for
21 identification as 83 and ask you to identify that if
22 you can.

23 A. Yes. This is a letter from Mike
24 Mebane to myself.

1 Q. Were there any E-mails or
2 correspondence between Q&R and UTF after -- about the
3 terms for an agreement after you sent your E-mail,
4 Exhibit 81, of April 1, 2001 up until the time you
5 get this letter?

6 A. Between April 21 and April 25th?

7 Q. Right.

8 A. Not that I can remember.

9 MR. WENDLING: I think Mr. Quinn said
10 April 21.

11 A. I'm sorry. April 1st to April 25th.

12 BY MR. MCGAVRAN:

13 Q. Were there any verbal discussions
14 between you and Mr. Mebane on terms for your
15 agreement in that period?

16 A. Not that I can remember.

17 Q. Okay. Now, you were -- you did go to
18 the UTF facility sometime in April of 2001 to look at
19 the facility and meet people; isn't that true?

20 A. February.

21 Q. Well, didn't you go in April also?

22 A. May. Early May.

23 Q. Okay. You went in early May. Was
24 there any discussion at that point of terms of the

1 Q. Actually 20 days later, about 14, and
2 six days in April, five, six days in April. In that
3 20 days you didn't respond to this at all?

4 A. I did not.

5 Q. To your knowledge did Mr. Ranz?

6 A. To the best of my knowledge, no.

7 Q. Then in the last paragraph he makes
8 some statements about the 120 days termination terms
9 and ends it up with a question to you about these
10 terms, what do you think, question mark. Did you or
11 Mr. Ranz ever respond to this?

12 A. No. We were working under the premise
13 of a three-year agreement.

14 Q. In which there would be a 120-day
15 termination provision; isn't that correct?

16 A. That is mentioned, but was not agreed
17 to. I could not have walked away from Avgol/Cleaver
18 with 120 -- I would have had a 120-day agreement, I
19 couldn't do that. If he -- if he says there is a
20 120-day termination clause, then I have nothing more
21 than a 120-day agreement, and I wouldn't have agreed
22 to that.

23 Q. Well, in the letter that or the first
24 E-mail that he sent to you on, it's Exhibit 80, he

1 does -- he says at the bottom of it the term will
2 be -- you know, I'll wait until you get it.

3 A. Yes.

4 Q. The last paragraph, "The term will be
5 for three years, with 120 days notice, except for
6 cause or nonperformance by either side." Your
7 response, Exhibit 81, doesn't say that's a point that
8 you disagree with, does it?

9 A. No, it does not. But I was agreeing
10 to a three-year term only.

11 MR. MCGAVRAN: Off the record.

12 (Discussion off the record)

13 (Defendants' Exhibit 84 was marked for
14 identification.)

15 Q. I'm handing you a document marked for
16 identification as 84 and ask you to identify that if
17 you can.

18 A. This is a, I assume, a fax message
19 from John Cleaver to Becky Gore at AHP/Drypers just
20 saying that Q&R was now representing a competitor
21 and leaving Cleaver Associates.

22 Q. And Cleaver Associates was going after
23 Drypers, correct, as a customer?

24 A. They are -- I mean they already had

1 cards of five people employed by Unifi Technical
2 Fabrics; is that correct?

3 A. That is correct.

4 Q. Are these business cards that you
5 picked up at this meeting?

6 A. Yes.

7 Q. Do you now have a recollection --

8 A. Yes.

9 Q. -- of the April 10-11 meeting?

10 A. Yes.

11 Q. Just to make it a little clearer, do
12 you have in front of you Exhibit 68, your affidavit?

13 A. Yes.

14 Q. Go back to Paragraph 20.

15 A. Yes.

16 Q. Paragraph 20 discusses the April 10
17 and 11, 2001 meetings?

18 A. Yes.

19 Q. At the meetings on April 10 and 11,
20 did you say anything to anybody connected with Unifi
21 Technical Fabrics about an agreement between Q&R and
22 Unifi Technical Fabrics?

23 A. I don't remember.

24 Q. Okay. Did Mr. Ranz say anything to

1 anybody at Unifi Technical Fabrics about an agreement
2 between Q&R and Unifi Technical Fabrics?

3 A. Again, I don't remember.

4 Q. Would it be true that, to the best of
5 your recollection, there was no discussion between
6 you or Mr. Ranz and anybody at Unifi Technical
7 Fabrics about an agreement between Q&R and Unifi
8 Technical Fabrics at that April 10 and 11 meeting?

9 A. Again, I don't remember if there was
10 or not.

11 Q. In your affidavit you say, "Mebane was
12 out of town and did not attend these meetings."
13 Yesterday I believe you said that Mike Mebane
14 appeared just as you and Mr. Ranz were leaving.

15 A. That was on the May 8th.

16 Q. May 8th?

17 A. Yeah.

18 Q. Okay. So you did not see --

19 A. No.

20 Q. -- Mike Mebane at all on April 10 or
21 11?

22 A. No.

23 Q. You say, "During this visit,"
24 referring to April 10 and 11, "we discovered that UTF

1 A. On the 14th?

2 Q. Yes.

3 A. He said the worst possible thing has
4 happened, we've sold to Avgol.

5 Q. Okay. And what else did he say?

6 A. That's -- that's pretty much it in
7 that conversation.

8 Q. All right. And what did you say?

9 A. I told him that that was -- that was
10 not good news, I wanted to get John on the phone, we
11 were going to have some additional questions.

12 Q. And then after you talked to Mr.
13 Mebane what did you do?

14 A. I called John.

15 Q. And where was he?

16 A. He was in his office.

17 Q. Okay. And what did the two of you do?

18 A. We -- we got Mr. Mebane back on the
19 phone in a conference call.

20 Q. And tell me what you said, what Mr.
21 Ranz said, and what Mr. Mebane said.

22 A. We just -- I asked him to repeat, you
23 know, say again what had transpired, that UTF was
24 sold to Avgol, he said yes, you know, that this was